

RAILROADS AND ARIZONA BREWING COMPANY CLASH

Freight Rate on Malt is the Subject of a Very Interesting Hearing Before Examiner Gerry of the Interstate Commerce Commission

(From Saturday's Daily.)

Whether the freight rate on malt from Milwaukee is "excessive, unjust and unreasonable," as charged by the Arizona Brewing company against the Santa Fe, Prescott & Phoenix railway, and participating carrier, was the subject of a hearing yesterday before Examiner Gerry of the Interstate Commerce Commission, with which body the brewing company had filed a complaint about a year ago. Up to May 15, 1909, the rate on Eastern malt had been \$1.43 per 100 pounds, but on the date mentioned the railroad reduced the rate to \$1. Prior to this time the Arizona Brewing company had prepared a complaint based upon the \$1.43 rate, but it had not been filed with the Interstate Commerce Commission. Then a new complaint was drafted and filed, which declared that the \$1 was excessive and discriminatory, and demanding a refund of the difference between what the brewing company had paid under protest and what it thought it ought to have paid. It was this complaint that was investigated yesterday before Examiner Gerry of Washington, the official representative of the Interstate Commerce Commission.

The hearing developed some very interesting features. According to the testimony offered by the complainant, it was harder to do business and extend trade because of that \$1 rate on malt than it is to fatten a sheep on pineapple ice; and the railroad through numerous witnesses, maintained that if the rate were reduced to 50 cents, that the road would stand as much chance of making a profit on the haul as a cross-eyed girl would have of winning a prize at a beauty show. Altogether, the situation would be quite pathetic on both sides, if the evidence were not taken with a grain of salt. The whole thing finally simmered down to a fishing expedition on the part of the railroad to find out the cost of making beer, and the brewery company became equally inquisitive as to the cost of building the Peavine road,

and how the various carriers that transported the malt whacked up the money that the oppressed brewer put up as an ante for the freight.

Representing the Arizona Brewing company were Judge H. T. Andrews of this city and Attorney Ed. Costigan of Denver, while E. W. Camp, the assistant to Chief Counsel Norton of the Santa Fe, appeared for that company.

After reading the complaint and the answer, the evidence opened by the complainant placing on the stand Joseph Bold, manager of the Arizona Brewing company. He thought the malt rate was unreasonable because Los Angeles, San Francisco and Seattle paid a rate of 65 cents, while the tariff to Prescott had been \$1.43 up to May of last year, when it had been reduced to \$1. These freight bills the company had paid under protest. He considered that 50 cents would be a reasonable rate, the shorter haul being considered. He claimed that on account of the lower rate paid on malt by Los Angeles and San Francisco, together with lower shipping rates enabled them to compete in this Territory. The local brewery was shut out beyond Phoenix and Winkelman on the south, Seligman to the west and Flagstaff to the east. The company was now buying California malt but if the freight rates were the same, it would buy Eastern malt, which makes better beer.

"You don't mean to say that you used to make a better beer than you do now?" queried Camp, on cross examination.

"It is about the same," said the witness, and then he explained that California malt was of better quality than it had been heretofore, while the Eastern malt had advanced greatly in price. The company was maintaining the quality of its beer by mixing the malts. Further catechized, he said that the brewery had a capacity of 12,000 barrels a year, that about fifty pounds of malt were used to produce a barrel of beer, and that no grits were used.

Attorney Camp was skeptical as to this statement, and said, "I must say I am surprised that you use fifty pounds to the barrel when my understanding is that thirty-three pounds is the quantity commonly used."

Witness was then asked if the Arizona Brewing company did not handle the Anheuser-Busch beer of St. Louis in connection with its own product, and upon admitting that this was correct, Camp made the point that the reason Eastern beers were sold on this market was not because of their being favored by freight rates but because there was an established demand for them. Witness conceded that this was true and said: "If we didn't handle it (the Anheuser-Busch) someone else would."

"You have a wholesale liquor license, then, in addition to your brewer's license?"

"Yes, sir," replied the witness.

Camp then turned his attention to the situation at Phoenix, and it developed that no Los Angeles beer has been sold there for some time, but that a San Francisco brewery has an established trade there. The Prescott brewery sells five car loads a month there during the summer. Los Angeles beer had been sold in Prescott up to the time of the strike among the brewers in the former city. One of these breweries supplied the trade in Williams and that district, it having an advantage through maintaining a storage plant there and shipping in car load lots.

When asked if the freight reduction on malt to \$1 had aided the Prescott brewery in extending its business, witness replied that it had not, and attributed the fact to the "hard times."

There were some technical features of the brewery business which Manager Bold did not claim to know, and accordingly John Bauer, the brewer at the local plant, was called as a witness. He said that the ingredients he used in a barrel of beer, outside of the water, were forty-five pounds of malt, twenty pounds of grit and one pound of hops. Attorney Camp seemed to doubt that such a large percentage of malt was used, and demanded that the records be produced. These were submitted later in the day and they showed that the exact proportions were forty-three pounds of malt and fourteen pounds of grit.

Camp insisted on knowing why the Eastern malt was considered better than the California article, and witness explained that it had a better flavor and better keeping qualities, this being due, he explained, to its containing a large percentage of albumen. Witness had been brewer and manager of the Anaheim brewery in California, and he said that the increased cost of producing beer in Arizona over that of California, was due solely to the difference in freight rates, which entered not only into the cost of the malt, but also the fuel, oil and other items of expense. Labor expense was practically the same. A barrel of beer in Prescott, he said, cost \$6.50 to produce while in Anaheim it was \$4.50.

W. J. Mulvenon, president and director of the Arizona Brewing company, detailed at length the items that entered into the cost of making beer in Prescott, and as the industry seemed to be handicapped by so many disadvantages, Examiner Gerry was moved to ask him why he went into the brewery business in Prescott.

This question amused the witness, who replied that he had been here for thirty-three years and that the brewery was established by local capital, on account of the fact that there was so much money being sent out of the Territory for the article.

F. A. Jones, traffic manager for the Maricopa Commercial Club, and formerly general freight and passenger agent for the S. F., P. & P. at Phoenix, was placed on the stand. He submitted a table showing that the rate on Eastern malt to Prescott was materially higher than to any other part of the Rocky Mountain district, and contended that the classification discriminated against malt, which he declared should be in Class E, along with other barley products and cereals, and thus take a lower rate. In his judgment a fair rate to Prescott, based on mileage, would be about 55 cents, the rate to California terminals being 65 cents.

On cross examination, it was pointed out to him that there had been

an advance of 100 per cent in the retail price of beer, although there had been no advance in freight rates, but on the other hand, the malt rate had been reduced. Camp then produced a letter written by witness when he was with the Santa Fe at Prescott, addressed to the general freight agent of the system at Chicago, wherein he recommended a reduction in the malt rate from \$1.45 to \$1.15. Camp wanted to know why if he thought that \$1.15 was a proper rate then that he now thought that 55 cents should be the figure. Witness explained that this occurred soon after he came to Prescott, that he was not then familiar with conditions, but that subsequent experience had convinced him that the rate he once advocated was too high. He was of the opinion that a reduced rate to 55 cents would enable the brewery to extend its trade, but Camp savagely attacked this argument by showing that with the reduced rate proposed, it would only lessen the cost of a barrel of beer about twenty-two cents.

Joseph Bold was recalled and testified that up to six months ago, Eastern malt had been used exclusively. It now cost \$3.64 laid down, while California malt cost \$2.64. The latter was of a much better quality than heretofore, he declared.

This closed the case for the complainant and the railroad then presented its side, H. P. Anewalt being the first witness. He was formerly general freight and passenger agent of the S. F., P. & P., but for the past five years has been assistant freight agent of the Santa Fe at San Francisco. When it was proposed to establish a brewery in Prescott he had talked over the matter at length with Mr. Maxgut, who promoted the enterprise, and it was then that the rate of \$1.43 was determined upon. The San Francisco breweries, he had learned upon investigation, used only 10 per cent Eastern malt, while Southern California breweries used 40 per cent, this being due, he claimed, to a prejudice in favor of the Milwaukee article, and also to the fact that there is no malt factory in Southern California. The 65 cent rate on malt was a "compelled" rate, and in his judgment, was not adequate. When pressed to explain the reason for that opinion, he sidestepped the answer, by declaring that he had no hand in making the rate. When asked to explain how the \$1.43 rate was made to the brewery when he was an official of the local railroad, he said that it was done by taking the through rate from Milwaukee to the Coast, adding on the local rate from Los Angeles to Maricopa, plus 18 cents from Maricopa to Phoenix. That was the best he could do under the existing tariffs then of the Western Freight Bureau. It was a reasonable rate, he considered. The present rate of \$1, he did not regard as proper compensation to the railroad.

"You believe then in charging all the traffic will bear?" asked Mr. Costigan.

"Yes, if properly used," was the response.

Further catechizing brought out the admission that while there was a water rate from New York on malt, there was no actual movement of the article. Costigan attempted to pin down the witness to specific answers, but he was evasive and always qualified them by saying: "Yes, under certain conditions."

William Kramer, secretary and director of the Los Angeles Brewing company, testified that his concern abandoned the Phoenix field five years ago, because it could not compete with the Arizona Brewing company, which had an advantage in the freight on its beer and on the return of empty barrels. The reason why Eastern beers can be sold in the West is because of the lower cost of production, and because they dispose of their overproduction at cost.

Paul P. Hastings, general freight and passenger agent of the S. F., P. & P., submitted compilations showing the rates on beer shipments to all points within the Territory tributary to Prescott. Within the past year, there had been a reduction of 10 per cent and rates had been adjusted as to encourage the industry. The reason why the malt rate had been cut to \$1 was because of representations that the Prescott brewery would greatly enlarge its ca-

capacity, if the concession were made. Witness also introduced a report showing that during the period of twenty months, beginning January 1, 1909, and ending August 31, 1910, the shipments to the Prescott brewery were:

Eastern malt, 308,470 pounds.
California malt, 229,985 pounds.
Grit, 250,700 pounds.

W. A. Drake, vice president and general manager of the S. F., P. & P., testified at length concerning the cost of building the road to Prescott, to show that the operating cost was abnormal and that a better freight rate was required than the ordinary railroad. On cross examination the fact was brought out that the \$1 rate on malt was divided thus: 14 cents to the local line, 12 cents to the Milwaukee railroad and the remainder to the Santa Fe main line.

This closed the testimony and the matter will be presented on briefs to the Interstate Commerce Commission, the complainant being given until December 1, to file the same, the respondent until December 31, to answer, and the complainant until January 15 to reply. A decision from the Commission, accordingly, may not be expected for five or six months.

RICH ORE IS FOUND IN MINERA LPOINT

(From Wednesday's Daily)

What is generally regarded as a strike on the property of the Mineral Point Mining company, was announced yesterday by arrivals from that camp, near Jerome Junction, a two foot body of sulphide ore, carrying good values in copper, gold and silver, being uncovered a few days ago in a crosscut on the 225 foot level. This is considered the most important determination ever made in the mine, and coming since work was resumed recently after a long suspension, is creating much interest. The adjoining locations are also imbued with the spirit to reach depth, and the feeling prevails that the old district is entering its most prosperous career.

The additional statement was also made that the new find is practically on the roof of the zone where this sulphide condition was in evidence, and the plan of General Manager Max Wenzel is to start a shaft at that point to reach a depth of at least 500 feet. By this exploitation he will be permitted to gain an exact idea of the extent of the ore body, and from which definite calculations may be made in the development of the ground.

The Mineral Point property is located in a district which has the characteristics in formation of the Black Hills and along the United Verde ground. The company was the first to start copper mining and significant as it may seem, was also the first to make successful exploitation.

At other points in that field some very good showings in gold and silver mines have been recorded in recent years. The district is favored with railroad communication on the main line of the S. F., P. & P., distant less than eight miles, and with excellent wagon roads leading to it.

CLIMAX REACHED IN PRETTY ROMANCE

(From Wednesday's Daily)

A pretty romance, which had its inception in the picturesque hamlet of Jerome Junction, several months ago, reached a climax here yesterday in the marriage of Miss Clara E. McCullough and William Howard.

The nuptials were solemnized at high noon in the parlors of the Head Hotel, Judge C. P. Hicks officiating. After a wedding breakfast attended by several relatives and intimate friends the happy couple left on the afternoon train on a honeymoon tour of Southern Arizona.

Mrs. Howard has been a resident of Jerome Junction several months. She is very popular in social circles there and since her arrival has made a host of friends by her winsome manners and jovial disposition.

Mr. Howard has lived there several years. He fills a responsible position with the United Verde & Pacific railroad. He is an enterprising young man, of genial disposition and a general favorite. His friends are legion. At the last county election he was elected constable by an overwhelming majority, although he did not announce his candidacy. His election was unknown to him until the ballots were counted. His office is a sinecure as the community is distinctly peaceful and the services of such an officer entirely unnecessary.

After visiting the principal points of interest in Southern Arizona, Mr. and Mrs. Howard will return to Jerome Junction, where they will reside.

Journal-Miner—High class job work

QUAIL SEASON IS TO OPEN NEXT SATURDAY

(From Saturday's Daily)

One week from today the quail season opens, and in anticipation of the sport many local hunters are preparing to leave the city within the next few days. Reports from the outside indicate that the best field is near Mayer, in the rolling hills, while in Kirkland Valley these birds are also in unusually large numbers. It is estimated that the increase in the present year has exceeded the decrease of the last season, reaching large proportions in several sections.

The legal limit of thirty birds per day still prevails. Saturday is a favorable day for the beginning of the season, several hunters in the city stating that the afternoon train to the south will afford them the pleasure of remaining over Sunday and returning at 1 o'clock Monday morning, in ample time to resume their duties that day.

Reports from several places in the western part of the country, where storage reservoirs are in existence state that several flocks of duck are seen, which will serve as an additional inducement in the fall field sports.

MINING CONGRESS TO MEET IN ARIZONA

(From Wednesday's Daily)

Returning yesterday from Los Angeles, where he participated as a member of the American Mining Congress from Arizona, R. S. Masson, general manager of the Prescott Gas and Electric company, imparted the important information that the Territory was strongly and intelligently represented by one of the largest delegations from any division of the Union, and in addition it also had many practical miners, who were regarded as among the leading exponents of questions that arose in the deliberations of the notable body. Mr. Masson characterizes the gathering as one of the finest ever seen in Los Angeles.

Arizona and its mineral resources attracted much interest, and for the first time in this history of this organization, it was selected as the place for the convening of the next session, the city to be given this distinction to be announced later. In all probability it will be Douglas.

The consensus of opinion among the members of the congress was that Arizona was the most resourceful in mineral of any of the states, and much interest was manifested in the gold, copper, silver and other mineral producing sections, without regard to definite localities.

Mr. Masson states that Will L. Clark of the United Verde Copper company, a member of the board of directors, and the chairman of the Resolutions Committee, performed excellent work, and is regarded as a very strong man in the deliberations of that body. His clear interpretation of the important work of the organization, his logical reasoning for the betterment of the industry, were frequently commented upon by men older in the field of practical experience, and met with the hearty endorsement of all.

In the general discussion G. W. Hull of Jerome also participated, while others from Arizona occupied the floor, advocating vital matters for the welfare of all engaged in the mining industry.

The meeting was perhaps the most important one that has ever been held, and that the Bureau of Mines at Washington will be materially strengthened and assisted in the enactment of general laws on modern lines so universally demanded, will, it is believed, result at the coming session of Congress.

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Mrs. Maxwell Johnson, Tampa, Fla., writes: "Cardui cured me after doctors and everything else had failed. I had been suffering with numb spells ever since I was 16 years old. One day I decided to take Cardui. I have now taken 5 bottles and I can say that it has cured me. I advise all suffering women to give Cardui a long and fair trial."

Mrs. Johnson suffered years. Have you? Do you wish to? But why suffer at all? Take Cardui. Give it a fair trial.

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